that, if the transaction relating to the sale of a portion of the Reclamation ground to the Port Authorities materialised during the year, we could expect a surplus of Rs. 3·21 lakhs. As a matter of fact, the accounts of 1113 closed with a realised surplus of Rs. 4·71 lakhs. In my last budget speech I gave a fairly detailed account of the transaction in question. We have sold to the Harbour Authorities 150 acres of the Reclamation ground for which we had paid Rs. 22·5 lakhs. We got from the Harbour Authorities an amount of Rs. 28·42 lakhs, which includes, in addition to the capital that we have invested, a sum of Rs. 5·92 lakhs representing the interest on our investment and the royalty due to us on the area. This transaction brings to a satisfactory conclusion the question of the ownership of the Reclamation area. This Reclamation now comprises a total of 775 acres, of which we own 100 acres and the Port Authorities 675 acres. The one hundred acres that are our property have been leased to the Port Authorities at an annual rental of Rs. 75,000, which represents 5 per cent on the capital amount invested by us. The sale of the one hundred and fifty acres has further enabled us to reduce our loan liabilities to the Government of India. We had arranged to borrow from the Government of India about Rs. 37 lakhs for the fourth stage works and for the cost of the dredger. We have now decided to restrict this borrowing from the Government of India to only Rs. 22 lakhs.

REVENUE RESERVE FUND

3. Out of the realised surplus of Rs. 4·71 lakhs in the account of 1113, Rs. 4·5 lakhs have been transferred to a Revenue Reserve Fund. It is our intention to transfer to the credit of this fund certain portions of the realised surplus of prosperous years so that this fund may provide a safe reserve to be drawn upon in lean years. By this arrangement we preserve the financial equilibrium in a satisfactory manner. Though the main object of this fund is to serve the purpose of a reserve, it has been ordered that Rs. 3 lakhs out of this fund shall be earmarked for rural development work and made available to the Hon'ble Minister during the course of three years at Rs. 1 lakh per annum. In addition to this outright grant of Rs. 3 lakhs, Government have also sanctioned a further grant of Rs. 1 lakh to enable the Hon'ble Minister to make recoverable advances to rural industries, co-operative societies and similar organisations.

REVISED ESTIMATE FOR 1114 M.E.

4. At the time of preparing the budget estimate for the current year, 1114, we expected a surplus of Rs. 3·30 lakhs. According to the revised estimate, we now expect a surplus of Rs. 4·91 lakhs. There has been an increase of Rs. 3·59 lakhs on the receipt side. The items that have mostly contributed to this increase are—Customs, Income-tax and Receipt from Interests. On the expenditure

LIBRARY ARCHIVES Kerala Legislative Assembly

side also there has been an increase of Rs. 2 lakhs over the budget estimate. The chief items that are mainly responsible for the increase in expenditure are Rs. 55,000 under "Palace," Rs. 45,000 in connection with His Excellency the Viceroy's visit, Rs. 79,000 under P. W. D., and Rs. 73,000 under "Interest Charges." The increased expenditure of Rs. 55,000 under "Palace" is not really an additional expenditure but only the result of our fulfilling the obligations that we had undertaken under the Palace Expenditure Scheme. According to this scheme, Government have undertaken to make a contribution of Rs. 7·5 lakhs a year to the Palace Fund and any saving under that fund is to be utilised for constituting a reserve for future increases in expenditure under "Palace." As a result of financial stringency, we have been contributing to the Palace Fund for some years only the actual amount of expenditure that was incurred. In view of the improvement in our general financial position it has been decided that from the year 1113 onwards the entire contribution of Rs. 7·5 lakhs should be made to the Palace Fund. It is noteworthy that the expenditure for "Palace" is less than 7 per cent of the total revenues of the State.

BUDGET ESTIMATE FOR 1115 M. E.

5. For the ensuing year, 1115 M. E., we have budgetted for a revenue of Rs. 107·95 lakhs and an expenditure of Rs. 102·87 lakhs, thus leaving a surplus of Rs. 5·08 lakhs. The expenditure includes the special grant of Rs. 1 lakh for rural development, and there is a corresponding credit of Rs. 1 lakh on the receipt side, being the appropriation from the Revenue Reserve Fund. If our expectations are fulfilled, we would be thus having substantial surpluses for three successive years. It can be safely assumed that unless something extraordinary happens our anticipation of receipts for the coming year should be more than fulfilled. If only the expenditure could be kept under strict control, there is every reason to hope that the anticipated surplus will be realised in practice.

6. A close scrutiny of the budget figures will disclose that, while the most rigid control is kept over every item of expenditure, liberal grants have been made for the nation-building departments. As I have observed already, a special grant of Rs. 1 lakh for rural development has been placed at the disposal of the Hon'ble Minister in addition to the usual allotment for the various departments under his control. Increased provision has been made in the P. W. D. budget for school and hospital buildings, and special provision has been made for certain important irrigation works in the Chittur taluk. In addition to the provision made in the P. W. D. budget for school and hospital buildings, a provision of Rs. 19·35 lakhs has been made under the Education budget and Rs. 5·25 lakhs under the Medical budget. The additions and improvements to the Civil Hospital

LIBRARY ARCHIVES Kerala Legislative Assembly